

GAO

Report to the Ranking Democratic
Member, Committee on Veterans'
Affairs, House of Representatives

June 2004

**VA VOCATIONAL
REHABILITATION
AND EMPLOYMENT
PROGRAM**

**GAO Comments on
Key Task Force
Findings and
Recommendations**



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Abbreviations

C&P	Compensation and Pension
DOD	Department of Defense
DOL	Department of Labor
IT	information technology
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VR&E	Vocational Rehabilitation and Employment

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G A O

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United States General Accounting Office
Washington, DC 20548

June 15, 2004

The Honorable Lane Evans
Ranking Democratic Member
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Evans:

This report responds to your request for an analysis of the findings and recommendations contained in the March 2004 report of the Department of Veterans Affairs (VA) Task Force on Vocational Rehabilitation and Employment (VR&E).¹ You requested this work as part of our ongoing review of VA's VR&E program. The mission of the VR&E program is to provide comprehensive services and assistance necessary to enable veterans with service-connected disabilities and employment handicaps to become employable, then obtain and maintain stable and suitable employment.

We agreed to review and comment on the Task Force report's key findings and recommendations and make general observations about these findings and recommendations in light of our previous and ongoing work in the area. To meet these objectives, we attended Task Force public fact-finding sessions, interviewed the Task Force chairman and VR&E central and regional office staff, and reviewed and analyzed Task Force report findings and recommendations. We conducted our work in accordance with generally accepted government auditing standards.

On May 27, 2004, we briefed your office on the results of our work. This report formally conveys the information provided during that briefing. Appendix I contains the briefing slides.

In summary, we generally agree with the Task Force's three key findings. We agree that VR&E has not been a Veterans Benefits Administration (VBA) priority in terms of returning veterans with service-connected

¹Department of Veterans Affairs. *Report to the Secretary of Veterans Affairs: The Vocational Rehabilitation and Employment Program for the 21st Century Veteran* (Washington, DC: March 2004).

disabilities to the workforce. GAO has reported that the VR&E program emphasized education and not employment, and we have recommended that VBA focus on obtaining suitable employment for disabled veterans. Although we have not specifically reviewed VR&E's capacity to manage its workload, we agree that many of the VR&E management systems identified by the Task Force as needing improvement are fundamental to the proper functioning of all federal programs. Finally, we agree that the VR&E program needs to be modernized. We have reported that VA uses outmoded criteria for establishing disability ratings, which are used to determine who is eligible for VR&E. Furthermore, we have designated VA disability programs as high risk in part because they use these outmoded criteria for determining disability.

Regarding the Task Force recommendations, we observed that disabled veterans might continue to use the program for education in the absence of an equally beneficial alternative, even if VR&E adds employment tracks to reflect veterans' diverse employment-related needs. Furthermore, implementing the Task Force recommendations will be a major challenge for VBA:

- Some recommended changes may require assistance from other agencies, such as the Department of Defense and the Department of Labor.
- Other recommendations, such as changes to eligibility determination, may require legislative changes.
- The large number of near-term recommendations will require prioritizing to determine what can be done within the existing budget.

In providing oral comments on a draft of the briefing, VA generally concurred with our comments and observations.

We are sending copies of this report to the Honorable Christopher H. Smith, Chairman, House Committee on Veterans' Affairs, and the Honorable Anthony J. Principi, Secretary of Veterans Affairs. We will also make copies available to others upon request.

If you or your staff have any questions about this report, please contact me on (202) 512-7101 or Irene Chu, Assistant Director, Education, Workforce, and Income Security Issues, on (202) 512-7102. Margaret Boeckmann,

Connie Peebles Barrow, and Joseph J. Natalicchio also made key contributions to this report.

Sincerely yours,

A handwritten signature in black ink that reads "Cynthia Bascetta". The signature is written in a cursive, flowing style.

Cynthia A. Bascetta
Director, Education, Workforce,
and Income Security Issues

Appendix I: Briefing Slides



The Vocational Rehabilitation and Employment Program for the 21st Century Veteran

Briefing for the Democratic Staff
Subcommittee on Benefits
House Committee on Veterans' Affairs

May 27, 2004

1



Hill Briefing:
Veterans Affairs VR&E Task Force Report

GAO Briefing on VA VR&E Task Force Report Contents

1. Background
2. Scope and Methodology
3. Key Task Force Findings and GAO Comments
4. Key Program Design and Other Task Force Recommendations and GAO Comments
5. GAO Observations

2



Background

- On the basis of the Under Secretary for Benefits' recommendation, in April 2003 Secretary Principi established the Task Force to independently assess the Department of Veterans Affairs (VA) Vocational Rehabilitation and Employment (VR&E) program.
- The VR&E program is designed to help veterans with service-connected disabilities prepare for, find, and keep suitable employment.
- The Task Force discussed its report findings on April 1, 2004, at a hearing held by the House Committee on Veterans' Affairs' Subcommittee on Benefits.
- You asked GAO to review and comment on the Task Force findings and recommendations.



Scope and Methodology

To do our work, we:

- attended Task Force public fact-finding sessions;
- interviewed
 - the Task Force chairman and
 - VR&E central and regional office staff;
- reviewed and analyzed the Task Force report findings and recommendations in light of published GAO reports; and
- focused our analysis on key Task Force findings and recommendations.



Overview of Key Task Force Findings

- VR&E service has not been a Veterans Benefits Administration (VBA) priority in terms of returning veterans with service-connected disabilities to the workforce.
- The VR&E service has limited capacity to manage its growing workload.
- The VR&E system must be redesigned for the 21st century employment environment.



Key Task Force Findings

Task Force Finding

VR&E service has not been a VBA priority in terms of returning veterans with service-connected disabilities to the workforce.

GAO Comments

We agree that VR&E has not been a VBA priority.

- GAO has reported that the VR&E program emphasized education and not employment.
- We recommended that VBA focus on obtaining suitable employment for disabled veterans.



Key Task Force Findings

Task Force Finding

The VR&E service has limited capacity to manage its growing workload.

GAO Comments

Although we have not specifically reviewed VR&E's capacity to manage its workload, we agree that many of the VR&E management systems identified by the Task Force as needing improvement are fundamental to the proper functioning of federal programs, regardless of workload.



Key Task Force Findings

Task Force Finding

The VR&E system must be redesigned for the 21st century employment environment.

GAO Comments

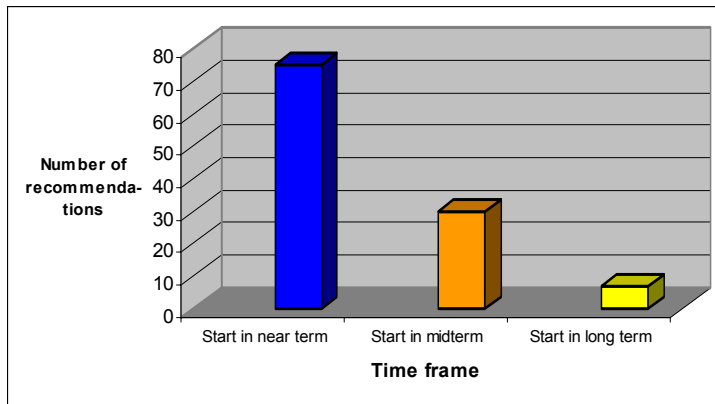
We agree that the VR&E system needs to be modernized.

- GAO reported that VA uses outmoded criteria for establishing disability ratings, which are used to determine who is eligible for VR&E.
- GAO has designated VA disability programs as high risk in part because they use these outmoded criteria for determining disability.



Task Force Recommendations

The Task Force made 105 recommendations and suggested that VBA start 72 of them in the near term.





Overview of Key Task Force Program Design Recommendations

- Streamline eligibility and entitlement for those veterans in most critical need.
- Replace the current VR&E process with a 5-track employment-driven service delivery process.
- Expand counseling benefits to provide VR&E services to pre-discharge service members and post-discharge veterans.



Key Task Force Program Design Recommendations

Task Force Recommendation

Streamline eligibility and entitlement for those veterans in most critical need by giving automatic entitlement to:

- service members who have been medically discharged or are pending medical discharge;
- veterans with a combined service-connected disability rating of 50 percent or greater; and
- veterans receiving compensation for the loss, or loss of the use, of a limb.



Key Task Force Program Design Recommendations

GAO Comments

- Service members being medically discharged and veterans who have lost, or lost the use, of a limb could receive VR&E services more quickly because they would no longer go through the Compensation and Pension (C&P) benefits rating process or the VR&E employability assessment.
- Veterans with a combined service-connected disability rating of 50 percent or more would still go through the C&P rating process to establish eligibility for VR&E, but would not have to be assessed for employability.



Key Task Force Program Design Recommendations

GAO Comments, cont.

- Because VA's outmoded disability criteria raise questions about the validity of its disability decisions, the Task Force recommendations do not ensure that the most seriously disabled veterans will receive priority VR&E service.
- Since medical conditions alone are generally a poor predictor of work incapacity, focusing on severity of disability rather than on employability may result in placing veterans with severe employment handicaps at a disadvantage in terms of VR&E services.



Key Task Force Program Design Recommendations

Task Force Recommendation

Replace the current VR&E process with a 5-track employment-driven service delivery process.

Current service delivery process (3 tracks)

1. rehabilitation and employment services;
2. job ready services; and
3. independent living services.



Key Task Force Program Design Recommendations

Recommended service delivery process (5 tracks)

1. rapid access employment for veterans with skills who want immediate employment;
2. self-employment;
3. re-employment in job held prior to military service;
4. traditional vocational rehabilitation services, including education and training; and
5. independent living services with the possibility of employment.



Key Task Force Program Design Recommendations

GAO Comments

- The 5-track process could help focus on employment and provide flexibility in the VR&E process.
- This new system will require a cultural shift from the program's current emphasis on long-term education.
- As long as the education benefits available to disabled veterans through VR&E remain more generous than those available through other VA programs, eligible veterans will have strong incentives to continue to use VR&E to pursue their education goals.



Hill Briefing:
Veterans Affairs VR&E Task Force Report

Key Task Force Program Design Recommendations

Task Force Recommendation

Expand counseling benefits to provide VR&E services to predischARGE service members and postdischarge veterans.



Key Task Force Program Design Recommendations

GAO Comments

- We agree that providing vocational and employment counseling prior to military discharge is essential to enable disabled service members to access VR&E services as quickly as possible after they are discharged.
- We have reported that early intervention efforts promote and facilitate a return to the workforce.



Overview of Other Key Task Force Recommendations

- Reorganize VR&E and increase staffing.
- Improve the capacity of the information technology (IT) systems.
- Improve intra- and interagency coordination.



Other Key Task Force Recommendations

Task Force Recommendation

Reorganize VR&E and increase staffing:

- Redesign the VR&E central office to provide greater oversight over field office operations.
- Increase staff in central and regional offices to reflect employment focus.



Other Key Task Force Recommendations

GAO Comments

- We agree that the VR&E program needs more central office oversight and accountability. In numerous reports over the past 3 years, the VA Inspector General has identified VR&E programs at regional offices that do not adhere to policies and procedures, sometimes in ways that circumvent accountability mechanisms.
- We have not done sufficient work to comment on the need to increase staffing.



Other Key Task Force Recommendations

Task Force Recommendation

Improve the capacity of the information technology (IT) systems.



Other Key Task Force Recommendations

GAO Comments

- Although we have not specifically reviewed VR&E's IT system, many of the Task Force's recommendations in this area are consistent with GAO work governmentwide, showing that agencies need to strengthen IT strategic planning and investment management.
- We believe there needs to be a more systematic analysis of current IT systems by IT experts before more investment is made in these systems.



Other Key Task Force Recommendations

Task Force Recommendation

Improve intra- and interagency coordination:

- within VA between VR&E and the Veterans Health Administration (VHA) and
- between VR&E and the Departments of Defense (DOD) and Labor (DOL).



Other Key Task Force Recommendations

GAO Comments

- We agree that improving coordination with agencies that have a role in assisting disabled veterans make the transition to civilian employment should help these agencies more efficiently use federal resources and enhance the employment prospects of disabled veterans.
- Because of the poor performance of the DOL Veterans' Employment and Training Program in terms of employment outcomes for disabled veterans, more than improved coordination will be required to enhance the employment prospects of disabled veterans.



GAO Observations

- The Task Force recognized the need to modernize the VR&E program and to focus the program more on employment.
- Veterans may continue to use the program for education in the absence of an equally beneficial alternative despite multiple employment tracks to reflect the diverse employment-related needs of participants.



GAO Observations

Implementing the Task Force recommendations will be a major challenge for VBA:

- Some recommended changes may require assistance from other agencies, such as the Department of Defense and the Department of Labor.
- Other recommendations, such as changes to eligibility determination, may require legislative changes.
- The many near-term recommendations will require prioritizing to determine what can be done within the existing budget.

Related GAO Products

VA Benefits: Fundamental Changes to VA's Disability Criteria Need Careful Consideration. [GAO-03-1172T](#). Washington, D.C.: September 23, 2003.

High-Risk Series: An Update. [GAO-03-119](#). Washington, D.C.: January 2003.

Major Management Challenges and Program Risks: Department of Veterans Affairs. [GAO-03-110](#). Washington, D.C.: January 2003.

SSA and VA Disability Programs: Re-Examination of Disability Criteria Needed to Help Ensure Program Integrity. [GAO-02-597](#). Washington, D.C.: August 9, 2002.

Vocational Rehabilitation: Opportunities to Improve Program Effectiveness. [GAO/T-HEHS-98-87](#). Washington, D.C.: February 4, 1998.

Veterans Benefits Administration: Focusing on Results in Vocational Rehabilitation and Education Programs. [GAO/T-HEHS-97-148](#). Washington, D.C.: June 5, 1997.

Vocational Rehabilitation: VA Continues to Place Few Disabled Veterans in Jobs. [GAO/HEHS-96-155](#). Washington, D.C.: September 3, 1996.

Vocational Rehabilitation: Better VA Management Needed to Help Disabled Veterans Find Jobs. [GAO/HRD-92-100](#). Washington, D.C.: September 4, 1992.

VA Can Provide More Employment Assistance to Veterans Who Complete Its Vocational Rehabilitation Program. [GAO/HRD-84-39](#). Washington, D.C.: May 23, 1984.

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